

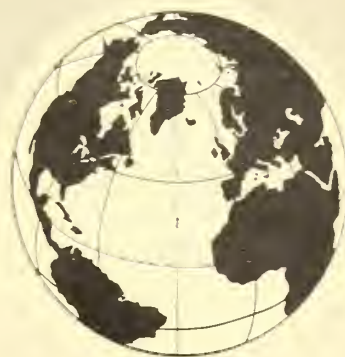
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# Foreign Agriculture

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AGRICULTURE  
PRODUCTS

# Foreign Agriculture

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## IN THIS ISSUE

	PAGE
<i>The International Federation of Agricultural Producers . . . . .</i>	215
<i>Sunrise to Sunset in a Moro Village . . . . .</i>	220
<i>International Wheat Agreement—Its First Year . . . . .</i>	222
<i>Canadian Agricultural Policy—Part I . . . . .</i>	228
<i>Agriculture and Land Reform in Korea . . . . .</i>	231

### FRONT COVER

#### Agricultural Producer

This European farmer, preparing to sow his grain, is representative of the agricultural producers of the world who are joining forces through the International Federation of Agricultural Producers. (Photo courtesy of ECA.)

### BACK COVER

#### Map Showing Membership in the International Federation of Agricultural Producers

Although the International Federation of Agricultural Producers is only 4 years old, it already has members in many of the important farming areas of the world.

### NEWS NOTES

#### Central America To Grow More Abaca

Production of abaca fiber in the Western Hemisphere, now a comparatively small enterprise, will be significantly expanded as a result of the Eighty-first Congress authorizing the Reconstruction Finance Corporation to use up to \$35 million for such work.

Considerable importance is attached to the project

since abaca (Manila hemp) is a strategic crop. Its fiber is strong, durable, and resistant to salt water, making it the most valuable fiber known for marine cordage. The United States obtains most of its abaca from the Far East over long supply routes, making desirable a supplemental supply closer at hand.

RFC, under contract with private operators, began expanding abaca production in this hemisphere in 1942 and now has plantations totaling around 26,000 acres in production in Guatemala, Honduras, Costa Rica, and Panama. The new authorization permits expansion up to a total of 50,000 acres.

The U. S. Department of Agriculture will assist in selecting Central American sites for the new abaca acreage and will give research assistance in its production.

#### USDA Veterinarian Assists Colombia

Colombia's effort to remain free of foot-and-mouth disease of livestock is being aided through the advisory assistance of the U. S. Department of Agriculture. The need for alertness to ward off the disease was emphasized by the recent outbreak of foot-and-mouth disease in Venezuela, which has a long boundary in common with Colombia. Dr. Fred M. Shigley, in charge of Bureau of Animal Industry livestock inspection work in North Dakota, is representing the Department of Agriculture in Colombia. Dr. Shigley is well acquainted with the problems of foot-and-mouth disease control, having spent 1½ years in the cooperative control campaign in Mexico and along the Mexican-U. S. border. Through the Organization of American States, Colombia is reimbursing the Department of Agriculture for salary and travel costs.

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### FOREIGN AGRICULTURE

ALICE FRAY NELSON, EDITOR

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# The International Federation Of Agricultural Producers

*The International Federation of Agricultural Producers is a world-wide organization of farmers. In 4 years, it has become a potent force in international affairs. United States farm organizations are playing a vital role. Mr. Cairns, its Secretary General, here tells IFAP's story from the viewpoint of his organization.*

by ANDREW CAIRNS

Not so long ago farmers generally the world over just farmed and put up with being exploited. When the economic and social conditions of their industry became unbearable, farmers sometimes rebelled. In some countries these rebellions took the form of marches to the national capital to demand redress; in other countries they led to violence; and in others they brought home to farmers the paramount importance of education and, above all, the imperative necessity of working together through organizations of their own. Of the three types of rebellion, the last proved to be much the most constructive and has led to immeasurable benefits for the people on the land—including greatly improved rural schooling, good roads, less discriminatory taxation, widespread application to farming of mechanization and other technical advances, and a potent voice by farmers in the pricing and marketing of their products.

One has only to contrast, as examples, the conditions of Danish agriculture in the last century and the hopeless outlook for Canadian agriculture in much of this century with the self-reliant and progressive agricultural communities of these two countries today to demonstrate what the organization of rural cooperatives and farm unification has meant in improved standards of living and increased self-respect to farm men and women.

## Origin

There are few, if any, middle-aged farmers in any part of the world today who do not recall the dismal thirties when, to the shame of our civilization, the world floundered in misery of its own making and sat impotent in the face of food and fiber surpluses, mass unemployment, and widespread hunger.

What a different history of the last quarter century could have been written if, in 1925, an international

conference of farmers could have met and proclaimed to the world that:

Available supplies of food, in excess of requirements for immediate consumption, are a good thing for the world, but they are a bad thing for farmers if they are not safely stored, adequately financed, and their price depressing influence insulated. Any such supplies not so insulated, regardless of their national location, are a threat to the security of farmers in most, if not all, countries. Surpluses—present, seasonal, imminent or prospective—will remain a threat to the agricultural economies of all countries, and destroy confidence in agricultural enterprise, until national and international devices are established to store surpluses until needed or to facilitate their movement into consumption by one means or another.

This declaration was made by the organized farmers of the world at the Fourth IFAP Conference, held in Sweden a few months ago.

But to return to the dismal thirties! Not satisfied with steps taken by their Government to protect their industry from low-priced agricultural commodities produced abroad, organized farmers of the United Kingdom launched a crusade in favor of Empire agricultural commodity councils in which the primary producers of each Commonwealth country concerned would have an important controlling voice. This crusade took, during the Second World War, spokesmen of the organized farmers of England, Wales, Scotland, and Northern Ireland to Argentina, Australia, Brazil, Canada, New Zealand, and South Africa. The organized farmers of each of the Empire countries named welcomed the initiative of their United Kingdom colleagues, but some of them argued in favor of the wider goal of a really international organization of farmers in preference to one of only British Empire producers. This led to historic meetings in Washington of representative United States, United Kingdom, and Canadian farmers. The sequel was the calling, by the National Farmers' Union of England and Wales, in the spring of 1946 in London, of the first general international conference of farmers ever held.





IFAP delegates to this year's Conference in Sweden inspect the pure-bred livestock on a Swedish estate.

The conference recommended back to the annual meetings of the national organizations the establishment of the International Federation of Agricultural Producers.

### *Growth*

The IFAP, formally established at its First Annual General Meeting held in Scheveningen, the Netherlands, in the spring of 1947, now embraces 38 general farm and cooperative organizations in 26 countries.

At the IFAP Conference, held in Paris in 1948, the farm organizations of China, Ireland, and Kenya were admitted to membership in IFAP. At the Third Annual General Meeting, held in Guelph, Canada, in 1949, the general farm and cooperative organizations of Germany, the Icelandic Farmers' Union, the Central Committee of Primary Producers of Jamaica, Landbrukets Sentralforbund of Norway, the South African Agricultural Union, and the Swiss Farmers Union were made members. At the Fourth IFAP Conference, held in Saltsjöbaden, Sweden, in 1950, the farm and cooperative organizations of Italy,

Greece, and Mexico became members of IFAP.

A glance at the outline map of the world on the back cover will readily reveal that the flag of IFAP does not fly in two very important regions of the world—east of the Iron Curtain and south of Mexico. So long as the world is divided in two, there appears to be little hope of the voices of farmers of the Russian and Polish steppes or of the Danubian Plains being heard in the councils of IFAP. But all the present member organizations of IFAP very much hope that soon the organized farmers of Argentina, Brazil, Uruguay, and many other countries of the vast agricultural continent of South America will join their ranks. The realization of that hope should be hastened if, as now expected, the Fifth IFAP Conference is held in Mexico City in the spring of 1951. If the decision is shortly made to hold our next annual general meeting in the great Republic of Mexico, President Hannam and his colleagues will do everything within their power to encourage the maximum possible participation of observers from farm organizations throughout Central and South America.



## *Constitution*

The Constitution of the International Federation of Agricultural Producers is a simple document—evolved by farmers out of their experience with their national organizations. It consists of a preamble and 16 articles. The preamble sets forth the objectives of the Federation, the first of which is “to promote the well-being of all who obtain their livelihood from the land and assure to them the maintenance of adequate and stable remuneration.” Another highly important objective of the Federation is “to take active steps to encourage the formation and support of independent organizations of agricultural producers throughout the world, eligible for membership of the Federation, and to promote their admission to such membership so that the world-wide opinion of agricultural producers may be represented on the broadest possible basis.”

## *Functions*

The functions of IFAP are laid down in Article I of the Constitution. In addition to empowering the Federation to “take all necessary and appropriate action to achieve the objects of the Federation as set out in the preamble,” the Constitution binds the IFAP to “lay the co-ordinated views of the national organizations represented in the Federation before any appropriate international body and before the government of any country; provided that such views shall not be laid before the government of a country represented in the Federation except through the member, from that country, or where there is more than one member in that country, through one of those members by agreement of a majority of members in that country.”

## *Eligibility for Membership*

Subject to two provisos (designed to prevent dual membership of subordinate bodies of national organizations already represented in IFAP and to permit membership in IFAP of more than one organization in any country) the Constitution provides that “Any organization or combination of organizations, recognized by the Federation as substantially and nationally representative of the agricultural primary producers within a country shall be eligible for membership in the Federation.”

## *Organization*

The governing body of IFAP is its Council, which consists of the delegations of its member countries. Each country has only one vote. The maximum number of representatives in any one country delegation is

10 but each delegation may be accompanied by an unlimited number of advisers.

The officers of IFAP are the President, the three Vice-Presidents, and “not less than three nor more than five representatives of members” who, with the immediate Past President, constitute the Executive Committee.

## *Finances*

The annual contribution of each member organization is negotiated each year with the Constitution and Membership Committee. Each contribution is agreed with the member organization concerned before being assessed—the main criterion being ability to pay. The Constitution precludes any member country paying more than one-quarter of the Federation’s annual budget. For June 1950–May 1951 the budget of IFAP is \$91,323.

## *Policy*

The acid tests of an international, as well as of a national, organization are its policies and what it is doing to try to get them implemented. On that score we in IFAP feel that our escutcheon is spotless.

The economic and social philosophy of the IFAP is well summed up by the following reaffirmations of policy recently enunciated:

History reveals that expansionist agricultural policies have been conspicuous, in the main, only in times of war or threats of war. IFAP is in no doubt that a virile and expanding agriculture working to supply all people with an adequate supply of food and clothing is the most creative approach to lasting peace.

Governments must give full support to the United Nations and the specialized agencies. The Food and Agriculture Organization must be transformed into an effective instrument and be vested with the necessary authority and finance to develop its work.

Because IFAP recognizes that improvement of standards of living requires greater production, it deplores the possibility of farmers being forced to reduce production because of failure to provide a practical system to move farm products into consumption. The IFAP is convinced that downward adjustments of production should be adopted only as a last resort. To minimize such adjustments IFAP recommends that its member organizations press their governments to prepare and implement programs to stimulate high levels of employment and purchasing power which, reinforced by national agricultural price stabilization measures, are prerequisites to international price stability.

## *The United Nations and IFAP*

The IFAP is one of the very few nongovernmental organizations that enjoys the highest consultative status with the Economic and Social Council of the United

Nations. Since its inception the IFAP has supported the United Nations and the specialized agencies by every means at its command. Realizing fully the interdependence of agriculture and industrialization, the IFAP has repeatedly assured the United Nations that it "will vigorously support those measures recommended by ECOSOC to achieve fuller employment which are likely to result in a rising productivity per man and thereby increased standards of living."

### *Technical Assistance*

Bringing together as it does once a year representatives of the agricultures of the industrially advanced and the underdeveloped countries, the IFAP is well aware of the yawning gap between standards of living of these two groups and what soundly conceived economic developmental projects in the latter could mean to the well-being, and indeed the peace, of the world. As a first step in this direction the IFAP declared at its 1949 Conference that the proposed technical assistance program to underdeveloped countries was not on as large a scale as the member organizations of IFAP wished and that it "must be supplemented by private capital and by other resources."

### *The FAO and IFAP*

Since its inception in London in 1946, the IFAP has been a persistent supporter of the Food and Agriculture Organization of the United Nations. The IFAP welcomed in 1946 the adoption by governments of the objectives of the World Food Board put to the Copenhagen Conference of FAO; it endorsed in 1947 the approval by governments of intergovernmental commodity agreements and the promotion of nutrition programs by export sales and special prices; it supported in 1948 the appointment by the Council of FAO of a Commodity Working Party; it deplored in 1949 the negligible progress (with the exception of wheat) made by governments in achieving the objectives in price stabilization and distribution adopted by them 3 years previously; and in 1950 the IFAP "examined and found unconvincing the reasons given by the representatives of governments at the Fifth FAO Conference, held in Washington in November/December 1949, for their rejection of the proposed International Commodity Clearing House," which proposal was evolved by an international committee of nongovernmental experts out of the recommendations of the 1949 IFAP Conference.

As recently as the end of July 1950 the IFAP informed the FAO's Committee on Commodity Problems:

(a) that the IFAP could not understand how any one could reasonably expect the automatic synchronizing of fortuitous food surpluses and ready-made supplementary feeding or nutritional improvement schemes. Surely it was obvious that in order to fit surpluses into such schemes and such schemes into surpluses an executive arm of FAO, modestly financed, was essential and that the functions of that arm should be:

(i) the acceptance of title, at special or nominal prices, of a suitably varied inventory of storeable nutritious foods; and

(ii) the promotion, and improvement through experience, of nutritional improvement operations in the areas of greatest need.

It was because of these considerations that the IFAP felt strongly at Guelph, and again at Saltsjöbaden, the urgent need for an international executive agency equipped to really move (under adequate safeguards to protect normal commercial trade and the interests of third parties) food surpluses to needy folk.

(b) that the cost and temporary inconveniences of dealing with the seasonal and other small surpluses which would inevitably arise in all programs of adequate production were mere pin pricks as compared with the paramount importance of national and international arrangements being made to give the producers the confidence to which they were entitled to continue to go all out in the production of the increased quantities of food the peoples of the world needed.

### *International Trade*

The IFAP was represented at the international conference that drew up the Havana Charter on trade. We do not accept the view that that Charter is a set of beautiful principles honeycombed with exceptions and escape clauses. As practical men and women the members of IFAP look upon the Havana Charter in much the same way as they do the International Wheat Agreement—a document embodying the best that agreement could be obtained on at the time. So instead of wishing that the tune of but-but-but will prevent the ratification of the ITO Charter, the IFAP "supports the objectives of the ITO Charter and believes that it can be of real value in the encouragement and expansion of trade to the mutual advantage of all countries" and the IFAP "especially desires that Chapter VI, which deals with primary products, and the clauses on dumping of the ITO Charter be implemented at the earliest possible opportunity."

### *European Economic Recovery*

The IFAP has repeatedly expressed its unqualified admiration for the people of the United States for implementing the inspired vision of the Marshall Plan. Recognizing from the outset what that program was contributing in new hope and faith in cooperation between the democracies of the free world, the IFAP established a special European Economic Recovery Committee that has worked closely for more than 2



years with the Office of European Economic Cooperation in Paris and the United States Economic Cooperation Administration in Washington and Paris. That work has been greatly facilitated by the active participation in the Public Advisory Board of the Economic Cooperation Administration of three of IFAP's United States leaders—Presidents Kline and Patton of the American Farm Bureau Federation and National Farmers Union, respectively, and Master Goss of the National Grange.

### *Agricultural Cooperatives*

The agricultural cooperative movement is an integral part of IFAP. In many countries the national federations of marketing, purchasing, insurance, and other agricultural cooperatives are members of IFAP with exactly the same status as the general farm organizations of those countries. Many of the leaders of IFAP have devoted their lives to the development of the agricultural cooperative movement of their countries, our First Vice-President Martin of France, for example. Every IFAP Conference has established an

active committee to review the present status of innumerable aspects of cooperative activities. Under the leadership of Dr. John Davis, the Executive Secretary of the United States National Council of Farmer Cooperatives, the IFAP's Standing Committee on Agricultural Co-operation is guiding the interconference work of IFAP on cooperation. This includes the close working relations the Secretariat of IFAP enjoys with the divisions of the FAO and the International Labour Organization charged with the task of promoting the extension of agricultural cooperatives and rural welfare generally.

### *The Exchange of Agriculturists*

The 1948 Conference of IFAP established arrangements for the sponsorship by its member bodies of the interchange of farmers. Since then many hundreds of young farmers have lived for many months in the farm homes of IFAP member organizations and taken back to their homelands information on innumerable agricultural techniques and new farming methods. At the moment in the United States alone, IFAP member



On their tour of Swedish farms, delegates were entertained by folk music and dancing.

organizations are the hosts of about 200 German farmers, 100 Danes, and also farmers from Norway, England, and Venezuela.

### *IFAP's Exposition of the Farmers' Case*

Since the beginning of the Second World War, farmers the world over have been pressed by their governments to produce more food. Farmers have responded to the point of depleting the world's most precious asset—its soil—and to endangering their own security. The time has come to let the world know that farmers, backed up by their national organizations and the IFAP, are not prepared again to acquiesce as they did between the two world wars, in being penalized for striving for maximum production. They therefore demand, as prerequisites to the continuation of maximum output consistent with soil conservation and other sound agricultural practices, both assured markets and remunerative prices for efficient production.

Since its inception IFAP has taken a global view not only of the agricultural economy but also of the relation to and the place of that economy in the economy as a whole. Farmers fully realize that, whereas in-

dustry can readily adapt its output to effective demand, agriculture cannot adjust its productivity to cope with the reduction in the demand for its products that industrial recessions entail. If, therefore, the consumers of the world are to be adequately fed, they must pay, in goods and services, the prices necessary to maintain continuity of supply (including the provision of sufficient reserve stocks of staple commodities to prevent high prices resulting from sudden reductions in production due to climatic factors).

The IFAP, through its annual conferences and farm tours, has demonstrated the close community of interests of producers in all countries. Individual farmers in no country can, without working together in their own organizations, achieve the standard of living to which they are entitled. Similarly, national farm organizations are incapable of coping with the international problems that vitally affect their economic security without working together in a world federation. It was the recognition of this truth that gave birth to the IFAP. The IFAP has striven, and will continue to strive, for international solutions to agriculture's problems and eschew any repetition of national or regional approaches.

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## Sunrise to Sunset In a Moro Village

By MATABAI PLANG

*Bai (Princess) Matabai Plang was born in a Moro village much like the one described in her story. Her father was Datu (Chief) Plang, ruler of his tribe in the Province of Cotabato. Bai Matabai graduated from the Philippine Normal School in Manila and last year attended the University of Chicago. She recently traveled in the United States observing extension methods of teaching.*

*"My ambition when I return to Mindanao," said the Princess, "is to establish a training school for Mohammedan women and girls, and teach them the best in Western civilization. Of course, there are many fine things in our own civilization. There is beauty and simplicity in our way of life. These must be preserved. Before I introduce Western ideas to my people, I must first ask myself whether I am justified to bring about social change."*

Abu and his wife Amena and their children live in a typical Moro village on the island of Mindanao in the Philippines. Their land is planted with bananas, papayas, betelnut palms, bamboo groves, a few coffee trees, pineapple, mangoes, guavas, and patches of tomatoes, carrots, and squash.

They live in a house made of bamboo, with a thatched roof, and built on stilts for coolness and protection from the rains. On all sides are long window openings with sliding shutters, closed at night to keep out evil spirits. Beneath the house is a little granary and space for the carabao and chickens. To enter the house one climbs a ladder, which is drawn up at night.

Around Abu's house are tall groves of bamboo. Beyond is a clearing where he will plant his corn. Sloping further is rich lowland soil where he will plant his rice in May and June, the rainy season.

Abu and Amena have seven children. Their sons are Usman, the oldest and a great help to his father, Talib and Melindo, and 4-year-old Motin. The three daughters are Mindang, who helps with the housework, Kadidia, whose duty is to take care of the youngest children, and little Solayia, 2 years old.

Abu is known far and wide for his industry and honesty. He and Amena and the older children arise long before daybreak to start their work. On this particular day Abu said to his daughter Mindang, "Have you called your brother Usman from the pasture land?"

"Not yet, Father," said Mindang. She was boiling the rice and broiling the bananas for early breakfast, and boiling the black coffee.



"It is good that you have not yet called him," said Abu. "The carabao should be well fed so that he can plow harder, and perhaps by Thursday we can plant the corn."

"Better not work the carabao too hard," chimed in Amena, the mother. "He is old and we can't afford to lose him. See how I am sacrificing to get some money to buy a younger carabao."

She was putting out some chickens, eggs, and tomatoes to take to the market. "Soon our son Usman wants to take a wife," she said, "and without a carabao to help us plow the land, so that we can raise crops to sell, how could we ever match the wedding celebration of our friends Salelina and Tenankis?"

"Enani Usman (Mother of Usman)," replied Abu. "you are always thinking of living like other people. Are you not satisfied with what we have? Allah is kind to us, and I'd be happier if we do not compare ourselves with other people. We have our land, our children, our carabao, and I am up to date with our tribute to the datu. Whether or not you help me earn the money, I am content."

Amena was not convinced. "Help me with my packing," she said, "so that by dawn I shall be on my way to market. Enani Salayan might pass by, and I shall have company. Women are better company than men on a long hike."

Abu helped his wife to pack the eggs and chickens and tomatoes. The young boys, Talib and Melindo, were eating their breakfast, for they were to go with their mother. They loved to go to the market, which is once a week in Abu's village. Other villages have other days, but never Friday, for on that day the people go to mosque.

At the marketplace the villagers spread their wares on the ground, some in the shade, some underneath the trees. They suffer the heat of the day and all the flies and mud and sometimes rain. But they do not mind because market day is a holiday and they have a chance to visit with their neighbors.

Before Amena left for market she reminded her daughter Mindang to dry the palay (rice still in the husk) in the sun, and to be sure to pound it well. "Go and invite your friend Enuiki to help you pound the palay," she said, "and you promise to help her get water for her drinking jars."

Abu had already left for the pasture to get the carabao, so Usman could come to the house to eat his breakfast and then go to market. He would be home early in the afternoon to help finish the plowing.

At 10 o'clock in the morning Abu unhitched the

carabao, put him in the shade, and fed him with newly cut grasses. Then he led the carabao to the wallowing pond to take his rest. When Abu got home he found the younger children playing underneath the house where it was cool. Mindang and her friend Enuiki were pounding the palay.

"Mindang," said Abu, "where does Usman keep his bolo?" The bolo, a long narrow knife, is a Moro's chief tool.

"It is behind the jar of water," said Mindang. "He wants to keep it cool."

"I must cut wood for fuel," said Abu, "or your mother will think we are all lazy here."

"Father," said 4-year-old Motin, "I'll go to the woods with you. I am big enough to carry firewood."

"Me come too!" called little sister Solayia.

"You children are too young," said Abu. He played with them for a while, and when they were absorbed in their games he slipped out to gather the firewood.

By 2 o'clock Abu was home again, taking his siesta. He dozed on the porch where the breeze was blowing.



Talib is pleased when he can help the neighbors with their fishing.



The children were sleeping on the mat. Mindang was helping Enuke get water from the well.

An hour later Amena and Usman and the two younger boys were home from the market. They were all excited over their purchases—cakes and candies, some clothes, and face powder and atar (paper lipstick) for Mindang and Kadidia.

Mother Amena sat on the porch with Solayia in her lap. She stripped herself to the waist to cool off. Motin ate his lollipops. Abu, smoking his cigar, was enjoying the peace of the family.

After everyone had rested, there was more work to be done. Abu and Usman were going to get the carabao from the wallowing pond and do more plowing. First though Abu spoke to his sons, Talib and Melindo. "You must do something to help," he said. "There are many things to be done."

"I will fix the nests of my hens," said Talib. "Today my eggs bought me new pants."

"I will clear the bananas of weeds," said Melindo, "so the fruit will ripen and I can buy a new coat."

"What about me who is the servant in this house?"

asked their sister Mindang. "You are only thinking of yourselves."

"Don't talk that way," said Talib. "We shall buy you many, many things after we have bought ourselves what we want."

"Sister," said little brother Motin, "you are loved by us. How could we eat if Allah had not given you to us? When I grow big you will have only to sit and eat and do no work at all."

Everybody laughed. There was happiness in this house.

Early in the evening Usman went to Enuke's house to see her brother, and perhaps to tell his love to Enuke through his eyes. Abu and Amena and the younger children went to bed on the mats, which were spread on the floor underneath a big mosquito net. Mindang and Kadidia slept in another room under another mosquito net.

By 10 o'clock Usman was home, and asleep in his bedroom on the porch. The lantern was extinguished and the ladder lifted from the ground. All was quiet and peaceful in the little Moro village.

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# International Wheat Agreement —Its First Year

by GORDON P. BOALS



How did the International Wheat Agreement of 1949 work during its first year of operation? What were some of the operating problems, and what conclusions can be drawn regarding the administration of the pact after a year of observation?

These questions have been asked in Agreement and non-Agreement countries not only by those interested in the wheat and flour trade, but also by representatives of other commodity groups as well, and by agricultural and other organizations.

The answers are not simple even though a year has elapsed since the Agreement became effective on August 1, 1949. This is true partly because there are two rather separate aspects of Agreement operations to be considered for each member country. One is the international, or over-all, features of the Agreement as they relate to all member countries, centering around Council Headquarters. The other is the operation of the Agreement within any individual country. This review attempts to point out some of

the principal developments and observations as noted in connection with the Agreement operations generally and also from within one member country—the United States. A complete review would require a separate consideration of experiences in each of the member countries.

## *International*

Among the developments that appear significant as regards Agreement experience during the first year of operation the following may be mentioned:

### *General Administration*

A year ago there was a great deal of apprehension in many quarters about the bureaucracy that might be established to operate the Agreement. Under the terms of the Agreement, it would have been quite

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possible to have instituted recording and contract policing procedures that would have required a very large staff, extensive mechanical equipment, and masses of red tape for member countries. The Council, however, set a unique example among international agencies for the "streamlined" organization that was developed. The staff at headquarters handled the necessary Agreement and Council activities for all of its 41 member countries during its first year with fewer people than were employed on Agreement operations in many individual countries. This situation was due in large part to the responsibility given member countries for handling much of the detail work required for individual sales and purchases.

Doing business in Agreement wheat and flour also proved much easier than the international grain trade had generally expected. An increasing share of world trade in wheat and flour was handled by the commercial trade in both exporting and importing countries that were parties to the Agreement. The United States was one of the countries that largely turned back to private trade the responsibility of buying and selling wheat moving in international trade.

The general operating responsibility as related to the designated administrative agencies provided by the Agreement—the Council, the Executive Committee, the Advisory Committee on Price Equivalents, and the Secretariat—appears to have worked satisfactorily. The Council met in three sessions, July (Washington, D. C.) and November (London) 1949 and June 1950 (London). The Executive Committee, which generally held weekly meetings, carried on the current business management of the Agreement. Price-equivalent matters required somewhat less attention than had been expected. The Secretariat was able to service the Council and its operating Committees and to carry on the recording and other Agreement work with a relatively small staff.

### *Devaluation*

Approximately 6 weeks after the Agreement came into operation, a widespread devaluation of currency took place. It affected about half of the member countries and because of the gold-dollar basis of the stated maximum and minimum prices, the Agreement price of wheat in Canadian, Australian, and French currency automatically increased. To some sterling-area importers the advance was considerable. Wheat prices outside of the Agreement, however, were still considerably above the maximum so that the extensive impact of devaluation upon Agreement prices and operations was largely checked.

### *Sales and Purchases*

A preliminary total of recorded wheat moving under the Agreement during the first year was 432 million bushels (11.8 million metric tons). The total guaranteed quantities covered by the Agreement—including those nations that came in late—was 525 million bushels (14.3 million metric tons). It would therefore appear that sales were only 82 percent of the guaranteed quantities.

However, many of the late comers were not expected to take their full quota the first year especially at prevailing prices. Since the Agreement requires that guaranteed quantities shall be the same for each year, these nations stated their Agreement requirements in terms of a full year. Germany, for example, came in with a relatively large import quota when the year was more than three-quarters over.

When adjustments are made for these late arrivals—as for example using only about 25 percent of Germany's quota—it will be seen that sales were 93 percent of the adjusted figure.

The principal deficiencies, as will be noted from table 1, occurred in the three importing countries of Italy, Brazil, and Germany; a number of smaller importers, including Lebanon, Saudi Arabia, and Sweden, also had less than half of their guaranteed quantities procured. For the exporting countries, Canada and particularly the United States accounted for the declines.

With regard to the so-called guaranteed quantities, it is significant to note that the obligations of importers to buy is effective only at the minimum price and the obligation of exporters to sell is effective only at the maximum. As world wheat prices were above the Agreement maximum throughout the year, most importers were glad to buy their guaranteed quantity under the Agreement. Good domestic harvests, trade agreements for non-Agreement wheat, and delayed ratification or accession were the principal reasons for nonfulfillment of guaranteed purchases.

The United States and Canada could, supposedly at least, have sold their full quotas if they had been willing to offer them at the minimum price of \$1.50. But this would have required an additional 30 cents a bushel subsidy or loss, an expenditure that was not considered to be in their national interest.

Compared with world trade in wheat and flour, sales and shipments under the Agreement during 1949–50 at 432 million bushels are estimated at about 55 percent of the total trade, placed at around 800 million bushels. Shipments outside of the Agreement were

TABLE 1.—*Preliminary report of sales and purchases, 1949-50*

Countries	Guaranteed quantities		Source				Total purchases or sales <sup>1</sup>	
			Australia	Canada	France	U. S. A.		
	1,000 bushels	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons	1,000 bushels
Importing:								
Austria	11,023	300,000				300,857	300,857	11,055
Belgium	20,209	550,000		284,150		256,483	540,633	19,865
Bolivia	2,756	75,000		19,928		26,401	46,329	1,702
Brazil	13,228	360,000		9,703		33,174	42,877	1,575
Ceylon	4,409	120,000	119,999				119,999	4,409
Costa Rica	1,102	30,000		18,016		12,827	30,843	1,133
Cuba	7,422	202,000		119,941		44,197	164,138	6,031
Denmark	1,617	44,000		6,320		37,406	43,726	1,607
Dominican Republic	735	20,000		16,441		3,179	19,620	721
Ecuador	1,286	35,000		11,025		23,275	34,400	1,264
Egypt	8,818	240,000	186,807	28,348			215,155	7,906
El Salvador	404	11,000		3,126		10,010	13,136	483
Germany	66,139	1,800,000				865,141	865,141	31,788
Greece	15,726	428,000				430,988	430,988	15,836
Guatemala	367	10,000		3,283		8,072	11,355	417
Haiti	1,029	28,000		25,507		2,489	27,996	1,029
India	38,287	1,042,000	1,041,635				1,041,635	38,273
Ireland	10,101	275,000		129,698		89,556	219,254	8,056
Israel	5,879	160,000	8,941	79,783		60,283	149,007	5,475
Italy	40,418	1,100,000				354,281	354,281	13,018
Lebanon	2,388	65,000		712		3,533	4,215	156
Liberia	37	1,000		170			170	6
Mexico	9,186	250,000		9,510		240,505	250,015	9,186
Netherlands	27,558	750,000	75,043	13,618	40,000	618,729	747,390	27,461
New Zealand	4,593	125,000	82,925				82,925	3,047
Nicaragua	294	8,000		2,202		5,795	7,997	294
Norway	7,716	210,000	13,971	31,380		164,629	209,979	7,715
Panama	625	17,000		9,794		3,418	13,212	486
Peru	5,512	150,000	8,636	6,296		128,631	143,563	5,275
Philippines	7,202	196,000	1,689	56,108		65,392	123,189	4,526
Portugal	5,144	140,000	1,487	7,437		131,127	140,051	5,146
Saudi Arabia	1,837	50,000	1,980	6,113		11,776	19,869	730
Sweden	2,756	75,000	27,433				27,433	1,008
Switzerland	6,430	175,000		175,025			175,025	6,431
Union of South Africa	11,023	300,000	56,491	158,564			215,057	7,902
United Kingdom	177,068	4,819,000	572,041	3,710,158	50,000	485,203	4,817,402	177,007
Venezuela	4,777	130,000		104,704		20,549	125,253	4,602
Total	525,099	14,291,000	2,199,078	5,047,060	90,000	4,438,006	11,774,144	432,621
Exporting:								
Australia	80,799	2,199,000					2,199,078	80,801
Canada	205,101	5,582,000					5,047,460	185,446
France	3,344	91,000					90,000	3,307
United States	235,855	6,419,000					4,438,006	163,067
Total	525,099	14,291,000					11,774,144	432,621

<sup>1</sup> Preliminary.

largely from Argentina, the Soviet Union, and the countries of the Danube Basin, as well as from the United States; some also came from Canada.

### Prices

The "world price" of wheat continued above the Agreement maximum throughout the year. This development greatly benefited most member importing countries because they were able to purchase wheat and flour at a substantial discount below "free" or non-Agreement prices. Importing countries faced with a dollar-exchange problem were particularly aided by the Agreement. Non-Agreement wheat prices for most exporters other than the United States declined somewhat during the year, narrowing the spread between Agreement and non-Agreement quotations in such countries; for the United States the differential was fully maintained or increased, largely because of domestic price-support and foreign-aid programs.

There were relatively few price problems for the

Agreement under prevailing market conditions. The four member exporters, of course, lost money on their Agreement exports during the 1949-50 season, but they all appear to regard it as a form of insurance against lower prices and they expect to have their "innings" before the Agreement comes to an end. One of the questions that has been raised about Agreement price experience is the extent to which consumers benefited from the lower Agreement prices. Almost no reductions in bread prices have been reported so that the benefits would seem to have largely gone to the treasuries of importing countries that were able to capture such savings or to the import trade and distributors. In this connection, however, it should be borne in mind that a number of importing countries have been subsidizing bread prices to prevent fluctuating world wheat prices from affecting local food costs; Agreement wheat, therefore, assisted in maintaining moderate or low bread prices to consumers in such countries.



### Import Regulations and Quotas

For importing countries, Government control machinery, particularly of a permit or licensing type, has proved to be an essential requirement for implementing Agreement quantities under existing price and quota conditions. Most importing countries that have not had such controls have found it necessary to adopt them to avoid overpurchases or to prevent abnormal purchase arrangements from being made by many local importers. The implementation of quotas, particularly under conditions of a significant price differential between Agreement and non-Agreement wheat, has been a problem requiring considerable committee attention. It has also been a matter of concern to the exporting countries of Canada and the United States where the commercial trade is so active in the export business. It remains to be seen how well the import controls that are being adopted will help implement quotas and if and how much they interfere with long-standing commercial trade in these countries.

### Changes in Agreement

A number of important factual changes occurred in

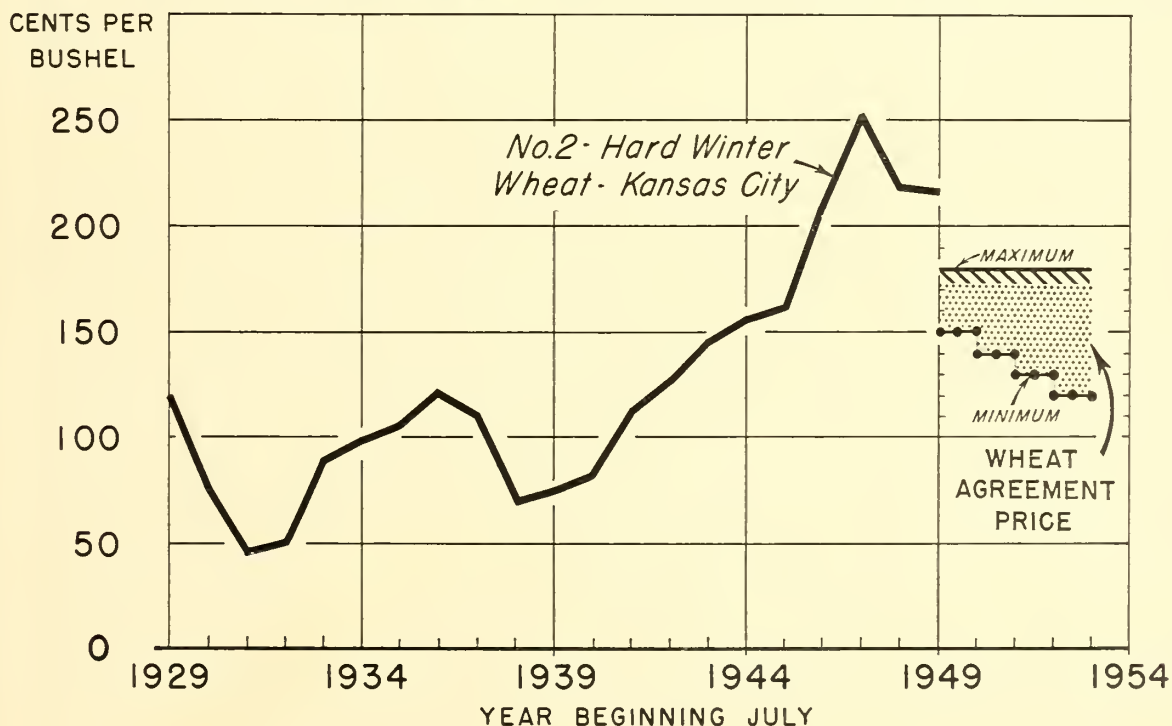
the International Wheat Agreement during the year. They involved membership and guaranteed quantities.

### Membership

There were 42 countries that included specific guaranteed quantities in the Agreement negotiated at the Washington Wheat Conference in January–March 1949. They consisted of 37 importing countries and 5 exporting countries. Of this number, one importer (Paraguay) did not sign the Agreement during the period that it was open for signature, two importers (China and Colombia) and one exporter (Uruguay) did not ratify during the extended period (through February 28, 1950) allowed for ratifications. Six additional importing countries, however, have become members or been approved for membership<sup>1</sup> by accession—Haiti, Costa Rica, Western Germany, Indonesia, Spain, and Honduras. Total membership at the end of the first year thus showed a net gain, with 40 importers (including countries approved for membership) and 4 exporters.

<sup>1</sup> Indonesia and Honduras were approved for membership at the Third Council session in June 1950 but had not deposited instruments of ratification by September 15.

## UNITED STATES WHEAT PRICES-1929-1949



## Guaranteed Quantities

The total of the annual guaranteed purchases and guaranteed sales originally included in the Agreement was 12,418,000 metric tons, or 456,283,389 bushels. These figures have changed frequently, with totals used as of one date often revised a week or a month later. The changes have resulted from countries not signing or ratifying the Agreement, from new accessions to the Agreement, and from adjustment of original quantities within the Agreement. Table 2 sets out the changes reported as of the end of the first year of operation.

The revised total for guaranteed quantities in 1949-50 was a net increase of 68.7 million bushels over the original figure of 456 million bushels. The revised guaranteed quantity for 1950-51 and succeeding years, however, was placed at 531 million bushels (14,451,000 metric tons) as a result of recent accessions and of some increases only becoming effective at the beginning of the second crop year. Some further increases in quantity are also expected during the current season.

## General Observations

Though one year's experience is now available, it still appears too early to offer an adequate appraisal of the Agreement as an international commodity agreement. Many of the articles of the Agreement have not yet been tested, including the very basic contractual clauses of "rights and obligations." The Agreement has also operated under only one type of international prices, i. e., prices above the Agreement maximum. As pointed out by the Food and Agriculture Organization,<sup>2</sup> three factors favored Agreement operation during its first year. They were (1) the world market situation, with so-called free market wheat above the Agreement maximum, which has encouraged active participation by most importing countries; (2) ECA financing of a large part of the United Kingdom-Canadian wheat contract; the \$175 million authorization granted by the United States for United Kingdom purchases in Canada largely safeguarded the Canadian wheat export quota in 1949-50; and (3) Congressional action in October 1949 enabling ECA to authorize the sale of United States wheat at Agreement prices relieved the problem that was developing in the United States in the early months of the 1949-50 season regarding the financing of United States exports. Without such action, many importing countries would probably have found it difficult to procure much wheat or flour under the Agreement.

<sup>2</sup> Grain Bulletin No. 18, May 1950.

TABLE 2.—Changes in guaranteed purchases and sales, 1949-50

Country	Guaranteed quantity				Comment
	Included in Agreement		Revised as of July 31, 1950		
	1,000 metric tons	1,000 bushels	1,000 metric tons	1,000 bushels	
Importers:					
Paraguay	60	2,205			Did not sign before Apr. 15.
Peru	200	7,349	150	5,512	Adjusted upon signature.
China	200	7,349			Nonratification.
Colombia	20	735			Do.
Haiti			28	1,029	Accession.
Ceylon	80	2,940	120	4,409	Adjustment.
Ecuador	30	1,102	35	1,286	Do.
Egypt	190	6,981	240	8,818	Do. <sup>1</sup>
Costa Rica			30	1,102	Accession.
Germany			1,800	66,139	Do.
Israel	100	3,674	160	5,879	Adjustment. <sup>2</sup>
Mexico	170	6,246	250	9,186	Do.
Indonesia	30		75	2,756	Accession. <sup>4</sup>
Portugal	120	4,409	140	5,144	Adjustment.
Venezuela	90	3,307	130	4,777	Do.
Spain			100	3,674	Accession. <sup>4</sup>
Honduras			10	367	Do. <sup>4</sup>
Exporters:					
Uruguay	50	1,837			Nonratification.
Australia	2,177	80,000	2,199	80,799	Adjustment.
Canada	5,527	203,070	5,582	205,101	Do.
France	90	3,307	91	3,344	Do.
United States	4,571	168,070	6,419	235,855	Do.

<sup>1</sup> Effective Aug. 1, 1950, further adjustment to 400,000 tons (14,697,000 bushels).

<sup>2</sup> Three separate increases of 20,000 tons each requested and approved during 1949-50.

<sup>3</sup> Included with Netherlands quota during 1949-50.

<sup>4</sup> Effective beginning with 1950-51 season.

A fourth factor might also be noted, namely, the supply situation in the member exporting countries. There was no question or problem about the exporting countries being able to meet the guaranteed quantities in the Agreement if called upon to do so, a prospect that is also reassuring to member importers as the second year begins.

For those interested in international agreements or consultation for handling world commodity problems, the multilateral contract form of agreement should be recognized as a very rigid type with a limited application. Only a few commodities other than wheat appear to offer the possibility for a practical multilateral contract agreement including quotas and basic price provisions. International collaboration designed to deal with many current problems in the field of international trade, however, does appear practical for a large number of agricultural commodities. The experience of the international commodity committees that operated under the Combined Food Board during the war and the International Emergency Food Council (IEFC) following the war confirms this point as does a number of commodity study groups presently operative.

Perhaps some combination of the two commodity

organizational possibilities would go far in developing a most useful form of international commodity operation. This would provide a far more general commodity group organization within the framework of which many mutual problems could be considered and information exchanged. In addition, a focal point would exist for dealing with emergency commodity issues as they might arise. For those commodities and countries that desire a special contractual arrangement governing prices and quotas, particularly for certain periods of time, a contract agreement might be arranged. The broader commodity group, however, would permit discussions of problems such as non-Agreement wheat and sales that are closely related to Agreement operations yet outside the scope of the present Agreement. Some of the most important international problems affecting wheat during the past season have been virtually excluded from Council discussions because the terms of the Agreement cover only the contract quantities or a little more than half of the world trade in wheat. One important importer was denied unconditional accession to the Agreement during the year because of the existing pattern of trade position between dollar and nondollar wheat within the Agreement. There are close interrelationships, for example, not only of all wheat supplies, non-Agreement as well as Agreement, but also of other food and even feed grains. A special advantage gained in one situation is quite likely to be offset in connection with other grain shipments.

### *United States*

The United States is one of the four member exporting countries and one of 42 present members in the Wheat Agreement. How has the Agreement operated with special reference to this country? Has it been helpful to farmers and in export selling?

### *Export Sales*

As noted above, the original export figure in the Agreement was 168 million bushels. During 1949-50 the United States guaranteed quantity was increased to 236 million bushels, which, if adjusted to take account of a prorata movement for delayed ratifications or accessions, would total around 197 million bushels. The latter quota might be regarded as a target figure, particularly with Agreement sales being made at or near the maximum price. Sales of United States wheat and flour totaling around 163 million bushels were reported made under Agreement operations, or about 83 percent of the target figure and 70 percent of the unadjusted quota. All of the guaranteed quantity for Germany (66 million bushels) was added to

the United States export quota for 1949-50 but less than 32 million bushels were exported under the terms of the International Wheat Agreement due to Germany's delayed entry to membership in the Agreement (effective date, May 15, 1950). Total United States exports of wheat and flour to Germany during the July-June year amounted to about 78 million bushels, much of which had already been shipped as non-Agreement wheat pending consideration of Germany's request for accession.

Total exports of wheat and flour from the United States during 1949-50 (July-June) were 299 million bushels, indicating that more than 100 million bushels, or one-third, moved outside of the Agreement. Two countries, Germany and Japan, accounted for practically all of the non-Agreement shipments though some limited amounts also moved to Spain and Turkey and to certain member countries such as Cuba and the Philippines before ratification and to ECA importers before Congressional action in October permitted financing of Agreement shipments.

### *Subsidy Rates*

The average export payment rate for the year is estimated at about 54 cents per bushel. This is the average amount that the Commodity Credit Corporation paid to exporters under the program to compensate for the difference between the United States domestic price of wheat and the International Wheat Agreement price. The subsidy rate has ranged from a low of 13 cents from the Atlantic coast to 67 cents from the Gulf (for Europe), increasing during the season as domestic prices have strengthened. The average rate for the year corresponds very closely with the rate and subsidy costs as estimated at the beginning of the year. The export rate has also varied somewhat according to regions, with the Pacific coast showing a range of 31 to 63 cents, the Gulf 21 to 63 cents for Latin America and 26 to 67 cents for Europe and the Atlantic coast 13 to 66 cents per bushel.

### *General Observations*

The Wheat Agreement proved very timely and useful to the United States in a number of ways during the past season. It helped to bridge a widening gap between the domestic support price for wheat in the United States and foreign wheat prices, both in importing and exporting countries.

The devaluation of currency in September 1949 made United States wheat much more expensive for most important importers relative to their locally produced grain, which normally would have provided a



significant stimulus to increased self-sufficiency measures. The Agreement maximum, however, largely offset the adverse effects of devaluation on dollar wheat. It also afforded a special arrangement by which the United States could effectively compete with other exporters in many markets. The contrast in sales of Agreement wheat with those of non-Agreement exports, particularly to the important flour markets of Latin America, the Philippines, and other areas, has been so marked that members of the commercial trade have been among those most interested in the date of ratification of countries to the Agreement as it gave them a chance to do export business. There is little doubt that United States exports of wheat, and particularly flour, were larger in 1949-50 with the Agreement in operation than they would have been without an agreement. A similar situation is expected to prevail during the 1950-51 season.

The Agreement has also provided a known basis for export subsidy operations. The Government support price in Canada has been reduced to \$1.40 Canadian (\$1.27 U. S.) per bushel and the Australian guaranteed price to producers is only 7s. 1d. (79 U. S. cents) per bushel. It is quite obvious that a free-for-all export subsidy war could cost the United States Government a considerable amount of money as long as domestic support prices are maintained at around existing levels. Further, there would be much uncer-

tainty about the likely volume of export business. The Agreement quotas have also helped considerably in planning acreage allotments as they not only provide a target export quantity for the United States to use in connection with annual export estimates but also useful export and import figures for most of the principal countries in the world wheat trade.

Thus, on balance, a year's experience under the International Wheat Agreement has appeared to justify its existence and support from the United States standpoint. It should not, of course, be considered a "cure-all" for the domestic wheat problem. There have been, and will be, difficult operating problems to overcome. The extent to which our quota of guaranteed sales is filled will depend to a large extent on pricing policy, since importing countries are under no obligation to buy except at minimum prices. Our foreign-aid programs will also continue to play an important part in determining the direction of United States wheat exports. Secretary of Agriculture Brannan, in a recent statement about the Agreement, concluded: The first full year of operation under the International Wheat Agreement completed on July 31, 1950, has proved the Agreement to be one of the most constructive steps yet taken to implement both our foreign policy and our domestic agricultural program.

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# Canadian Agricultural Policy

## —Part I\*

by PHILIP C. HABIB



The crop year 1949-50 was a significant period for Canadian agriculture. The prosperous period of easy marketing during the war and postwar years began to draw to a close, and the desire for agricultural well-being presented problems that required careful attention. Although the current international crisis may take the spotlight off the surplus problem, Canadian agricultural policy will still be affected by some of the developments apparent in 1949.

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\*Part II of this article, a discussion of the details of contract sales and the effect on each commodity, will appear in the November issue of *Foreign Agriculture*.

The Canadian Government has exhibited a willingness to assist in providing agricultural stability. Wherever particular commodities are encountering real marketing difficulty (whether through loss of contracts or a carry-over from wartime production adjustments) the Government is attempting to insure adequate returns to farmers. Although there was not much use made of price support legislation during 1949, the Government's responsibility in maintaining farm prosperity has been firmly established as a part of Canadian agricultural policy. Price support and marketing assistance have become a permanent part of Canadian legislation affecting agriculture. The renewal and extension of all allied legislation seems assured for the next few years.

## *Features Influencing Policy*

In discussing dominant forces affecting agricultural policies, it is only possible to touch briefly on present trends, situations, and facts that are general and widespread in their influence. First, in Part I, we shall point out their nature and then in the subsequent discussion examine the policy and program implementation that has affected major commodities and resulted in specific legislative action.

### *Government Participation in Marketing*

During the war and immediately thereafter the Canadian Government took an active, direct role in allocating, distributing, and pricing agricultural commodities. Relaxation of controls and partial withdrawal from direct interference with agricultural economy have characterized the transition to peacetime conditions. Last year, remaining price-ceiling orders were lifted on agricultural products, and subsidy payments fostering production ceased.

But the Dominion Government could not completely remove itself from the agricultural marketing scene. The fight against inflation changed and became a struggle against undue deflation. Price support action was forced by marketing difficulties and price declines in certain sectors. Subsidy payments to assist in marketing surplus products acted to prevent drastic price drops. Government-to-government contract marketing continued, although on fewer commodities.

The Government, however, has sought to change its role in marketing. Its expressed desire has been to encourage farmers to help themselves by organizing their industry for the achievement of orderly marketing. To this end, enabling legislation and assistance in organization have been expanded.

### *Canadian-United Kingdom Food Contract Situation*

For the past 10 years, United Kingdom food purchases in Canada have been on a Government-to-Government basis.

These contracts have, at one time or another, covered a wide range of products and have insured their sale at not less than the contract price. In some cases the contracts gave Canadian products an entry into a British market that they had never before enjoyed.

After the war the United Kingdom, spurred on by its acute dollar shortage, began to restrict its food pur-

chases in Canada. With normal supply sources resuming their position in British trade, Canadian producers of certain agricultural commodities were cut off from a market that had been assured and profitable. In 1949 the value and variety of Canadian-United Kingdom food contracts were drastically curtailed. Out of the impressive wartime group, contracts were effected in 1949 for bacon, cheese, and eggs in addition to last year's share of the 4-year wheat contract. There were also some special agreements negotiated that provided for the sale of salmon, fruit pulp, and apples.

When the subject of 1950 contracts came up for discussion, it became apparent that the United Kingdom was planning to further restrict food purchases in Canada. Contracts were negotiated for cheese and bacon and with the end of the 4-year wheat contract, on July 31, 1950, the United Kingdom gave assurance that it would take a substantial part of Canada's exportable wheat from the 1950 crop, within the framework of the International Wheat Agreement. Though there are still these contracts and assurances to Canada, the discontinuance of several formal arrangements tend to place Canadian producers for the British market somewhat more in the position of various



In Canada's Confederation Building are the offices of the Department of Agriculture.

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United States producers who have suffered a decline in the market that they previously enjoyed in the United Kingdom.

The details of the contract sales and the effect on each commodity will be discussed in Part II of this article. Here, it is only necessary to point out that, with the decline in their British sales, Canadian producers turned elsewhere for markets. They could try to expand sales in the United States and other markets, they could foster and rely upon expanded domestic consumption, or they could turn to the Government for support. They did all three.

### *Efforts to Maintain Agricultural Income*

During 1949 it became apparent that postwar farm prosperity had passed its peak. Soft spots appeared and were recognized in certain sections of the agricultural economy. Although the wheat industry, the backbone of Canadian agriculture, was in excellent position and although there were assured markets for certain products, many farmers began to encounter marketing difficulties. The fruit industry weakened; butter production was in surplus and the dairy industry in general looked for some support; and minor products such as dried beans and honey could not be cleared on the open market.

In their struggle to maintain income and markets, Canadian farmers have turned to the Government for direct and indirect support. It would appear that this establishes the future pattern of farmer pleas.

Carrying the problems of maintaining agricultural income still further brings to the fore the next feature influencing policy development.

### *Fear of Future Farm Depression*

The year 1949 was in itself recognized as a prosperous one. Toward the end of the year, however, the organized spokesmen for Canadian farmers began to make known their fears for the future. At the Dominion-Provincial Agricultural Conference held at Ottawa in December, speakers representing farmers throughout Canada rose to translate their dismay over future possibilities into forthright demands for Governmental assistance.

Food contracts with the United Kingdom for the year 1950 were slashed further, and it became apparent that the British market was being lost. The bacon contract was smaller, at a lower price. The egg contract was lost altogether. A contract for cheese was signed for a large quantity but prices were lower.

Looking across the border at their neighbor to the south, Canadian farmers began to worry about future



Extensive wheat land of Canada's Prairie Provinces. Much of the wheat produced for export is sold to the United Kingdom within the International Wheat Agreement.

farm surpluses. With an agricultural economy dependent on export markets, the fear of farm depression increases with recognition of exchange difficulties and the possibility of a return to unmarketable surpluses.

Until now the Canadian Government has been firm in its attitude toward farmer demands. There has been a consistent refusal to set up an automatic, all-embracing farm-support program. Rather, the response to slumps in particular sectors has been on an individual commodity basis. But the pressure has not really been felt. If the year 1950 brings acute problems, farmers' demands for more definite assistance will be increased. The Government recognized this pressure, and in March 1950 made its price support mechanism permanent. The mechanism itself was not changed: The original Agricultural Prices Support Act of 1944 became permanent, and the current *ad hoc* method of support has been continued.

### *Production Trends and Needed Balances*

The year 1949 saw agricultural production maintained at nearly the same levels as in 1948. There was some drop in the production of such major crops as



grains, livestock, and potatoes, but there was an increase in the output of some such minor crops as sugar beets, soybeans, and certain fruits and vegetables.

When the British market was open for Canadian farm products, there was pressure for production of the contract commodities. For example, bacon production was fostered, and egg production was expanded. This involved the development of a production pattern that depended a great deal on a continuing market in the United Kingdom. With this market now restricted the effects are apparent. In December 1949, when the Special Products Board ceased purchasing eggs for shipment to Britain, egg prices fell as much as 20 cents a dozen in a few days, with the drop continuing until prices had fallen as much as 50 percent.

The expansion in wheat acreage in 1949 had in it the seeds of trouble. It is estimated that only the poor weather prevented the greatest crop in history. The Minister of Agriculture has pointed to the 27 million acres of wheat in the Prairies as an improper use of the total acreage, indicating the desirability of less wheat and more coarse grains.

With Canadian agriculture geared to produce vast quantities of food and no sign of real cut-backs, the future possibilities of surplus production became very apparent. The realization of the Canadian production potential has contributed and will contribute to the development of agricultural policy.

### *Currency Devaluation*

In September 1949 Canada, along with the sterling-area countries, devalued its currency. However, Canada devalued only 10 percent compared with sterling devaluations in the neighborhood of 30 percent.

Shortly after devaluation, import restrictions on United States fresh fruits and vegetables were lifted.

The Canadians look for devaluation to improve their trade position vis-à-vis the United States, and their agriculture stands to benefit. However, the appreciation of Canadian currency in relation to sterling is substantial, and it is expected that some reduction of Canada's export trade with overseas countries cannot be avoided. Canadian food products become higher priced relative to competing producers in soft-currency areas. The British reluctance to purchase food in Canada is tempered not only by efforts to transfer their purchases to soft-currency areas but also by the fact that prices are lower in those areas.

Perhaps the most important effect on the Canadian economy of British devaluation of the pound is the reduction in prices that British distributors are able to offer Canadian buyers. This has been a factor in causing Canadian imports from the United Kingdom to rise, thus making it easier for Britain to pay for agricultural and other Canadian products. British earnings from exports to Canada in terms of United States dollars totaled \$86 million for the second quarter of 1950 compared with \$79 million for the same quarter of 1949.

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## Agriculture and Land Reform in Korea<sup>\*</sup>

by T. O. ENGBRETSON



The North Korean Government has consistently made a strong propaganda point that it alone has carried out an effective land reform program. The record shows, however, that land reform in North Korea may have been in name only, whereas in South Korea a true land reform program was in the making at the time of the war's outbreak.

The fact that North Korea has been able to make

such a strong propaganda point out of its land reform activity lies in the importance of agriculture to the country as a whole.

Korea has always been a predominantly agricultural country. In 1940, 75 percent of the working population was engaged in farming. The value of agricultural production represented about 73 percent of the gross national product. Judged by any other standard—whether it be that of provider of the Nation's

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<sup>\*</sup>Based on information from the American Mission in Korea.

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Tenant farmer of South Korea affixes his seal to papers that make him a landowner. Taejon, April 1948.

food, of invested capital, of value of gross or net output, or of value of exports—agriculture is Korea's principal industry.

In spite of the importance of agriculture in the economy of Korea, a relatively small portion of the land is under cultivation: Only about 20 percent of the total is farm land. Due to the scarcity of cropland and the large population, farm units averaging no more than 3 acres per family are characteristic. Farming methods in Korea, similar to those of other Far Eastern countries, stresses human labor. Farm implements are relatively crude and livestock scarce.

Climatic conditions, terrain, and population density necessitate (particularly in South Korea) an intensified system of agricultural production, which requires both irrigation and heavy utilization of natural and commercial fertilizer. Seventy percent of Korea's rice

lands are under controlled irrigation. Approximately one-third of the irrigated area is normally double-cropped, producing rice in summer and fall and barley, wheat, or rye as winter crops. Three-quarters of the cultivated area is usually planted to cereals, which provide 80 percent of the caloric intake of the population. Soybeans, vegetables and fruits, fibers, and tobacco occupy the remainder.

Rice is Korea's most important individual crop. During the 1930's it produced about 100 million bushels per year. About 40 million bushels of this total were exported to Japan each year, but these exports were to a large extent replaced by imports of cheaper grains, such as millet, from Manchuria.

Despite the predominantly agrarian character of Korea, it should be noted that a degree of industrialization was carried out under Japanese administration

during the two decades prior to the outbreak of World War II. Most of the industrial development took place in North Korea where the mineral deposits and water-power resources are chiefly located, but some light industries grew up in South Korea.

When the war ended, Soviet troops entered Korea to accept the surrender of Japanese troops north of the 38th parallel and American authorities carried out the same function south of the 38th parallel. This was intended as a purely temporary arrangement. As it turned out, the 38th parallel turned into the equivalent of a national boundary.

The division of Korea into northern and southern zones destroyed its economic unity. South Korea is a rice and grain-producing region, potentially rich in foodstuffs but relatively poor in minerals and industries. North Korea is the industrial producer, supported by mineral deposits and well-developed hydroelectric power plants. South Korean agriculture had depended on the chemical fertilizer produced in the North, while southern industries had operated on northern power and coal. When northern power was shut off in May 1948, South Korean industrial production slumped to less than 50 percent of the level it had attained after World War II.

The comparative annual production of grains in South and North Korea in the period 1940-44 shows that 71 percent of the total rice crop was produced in the South and 29 percent in the North; 85 percent of the wheat and barley was produced in the South and 15 percent in the North; 35 percent of the pulses were produced in the South and 65 percent in the North, while of the miscellaneous grains 20 percent was produced in the South and 80 percent in the North. Of the total grain and pulse crops, South Korea produced 64 percent and North Korea 36 percent. Thus, prior to World War II, South Korea accounted for the greater part of the rice and wheat production while North Korea produced the better part of pulses and miscellaneous grains. South Korea, however, containing the rich rice Provinces of North and South Cholla, was by far the most important as far as agricultural production was concerned. The partition left South Korea with only 48 percent of the cultivated area but this included the best rice land in the country. North Korea, with a smaller population, is generally self-sufficient in food.

Fertilizer, indispensable to agricultural production, was manufactured largely in North Korea. It annually produced about 400,000 tons and met the country's demand. When this source was cut off by

the 38th parallel, the shortage of fertilizer not only hampered agricultural production in the South, but also badly affected the morale of Southern farmers relying so much upon commercial fertilizer. Since then, South Korea has had to depend on imported fertilizer. By the end of 1949, 385,000 metric tons had been imported, most of which came from the United States.

The division of the country left the southern zone with two-thirds of the estimated population of 30 million. South Korea's economy has, moreover, been burdened with a considerable influx of refugees from North Korea and repatriates from other parts of Asia.

South Korea's agricultural resources have only recently attained a level sufficient to feed its growing population and has been forced to import needed goods from hard-currency areas, which normally would have been supplied by the industrial plants to the north of the 38th parallel.

The Korean agricultural economy has been faced with many problems that a large population and small holdings bring in their wake. But the most serious of them all was the problem of land tenancy. Nearly 60 percent of the farming population owned no land at all in 1942. In true Communist fashion the North Koreans, after gaining control of Radio Seoul, made a promise of land distribution in South Korea in a bid for peasant support. Actually, land reform in South Korea began in 1948 with the distribution of about 600,000 acres of formerly Japanese-owned land to landless Korean tenants. Furthermore, the Government of the Republic of Korea had already enacted a land reform law when the Communist invaders struck on June 25. The present Communist clamor for land reform in South Korea is, therefore, largely for propaganda effect. In the light of developments, it may be of interest to examine the record of land reform in Korea.

### *Land Reform in North Korea*

Land reform in North Korea was decreed by a law of the "Interim Peoples' Committee of North Korea" passed in March 1946. The outstanding feature of the North Korean law was its confiscatory nature. Land to be confiscated and distributed among tenants included:

- a. Land belonging to any Japanese, Japanese Company, or the Japanese Government.
- b. Land possessed by "traitors" to their country or anyone who cooperated with Japanese political organizations. Also land belonging to anyone who had attempted to escape North Korea since the defeat of Japan.
- c. Land in excess of 12.25 acres possessed by one



landlord, religious organization, temple, or sanctuary.  
d. Tenant lands except those of the small landed proprietors.

e. Tenant land possessed by nonfarmers, regardless of acreage.

All the land in the above categories was to be confiscated and delivered to tenants, part-tenants, landless farm laborers, and, presumably, to farmers repatriated from outside North Korea, without compensation and free of all debts and charges. Land distributed to farmers was not to be sold, rented, or mortgaged. The law further provided that "livestock, farming implements, and all buildings of landlords will be confiscated . . . the Peoples' Committees . . . shall distribute these among farmers who are without lands."

The North Korean law stipulated that recipients would receive land without charge and free of all encumbrances. Each recipient of land would receive "Certificates of Ownership," which were to be registered in the Land Register. However, there is some doubt that this procedure was followed; information from some sources indicates that final title to the distributed land may have remained with the state, i. e., the "Democratic Peoples' Republic of Korea." Broadcasts of the Pyongyang Radio have placed increased emphasis on "state owned" farms, "state owned" implements on "state managed" farming enterprises. There has been no evidence that title to farm land distributed under the Land Reform Law has actually been passed to individual farmers. Indications are that North Korean tenant farmers exchanged one ab-

sentee owner (Japanese or Korean) for another—the Communist North Korean regime. However, though the North Korean farmer may not have title to the land, he apparently possesses "utilization rights" to the land providing land taxes are paid. These are a theoretical 29 percent of annual production. On the basis of reports by refugees from North Korea, farmers have often been asked by various North Korean Government agencies to make "voluntary" donations of additional agricultural produce after the land tax had been paid.

No detailed statistics are available on the progress of land reform in North Korea. Statements of the North Korean radio claim, however, that approximately 2.4 million acres of farm land were confiscated and distributed among 668,052 full tenants, part-tenants, and farm laborers, virtually liquidating the landlord class. Too, 8 million acres of forest land were expropriated; 28,000 acres of land were reserved for Peoples' Committees. In addition to the land confiscated, almost 5,000 North Korean landlords had their houses confiscated, and more than 4,500 cows and oxen were also confiscated.

### *Land Reform in South Korea*

Farm land available for distribution in South Korea has been divided into two categories. The first category included farm land owned by Japanese nationals and Japanese agencies, both governmental and private; the second included land owned by absentee Korean landowners and large land holdings of wealthy farmers who rent part of their land to tenants.

Land included in the first category was largely distributed to tenant farmers during the spring and summer of 1948.<sup>1</sup> With the initiative and active participation of American occupation authorities, about 600,000 acres were sold and more than 500,000 farmers received title to land of their own. Each recipient of land agreed to pay in kind an amount equal to three times the annual production of the principal crop on the land received. (This was later amended to 150 percent of the average valuation of 1 year's crop, payable 30 percent annually over a 5-year period.) The annual production was based on the land's previous production record. Title to the land passed to the farmer when the transaction was consummated.

The Land Reform Law applying to the second category of farm lands in South Korea was promulgated on June 22, 1949, and became effective the same day. Under its provisions about a million tenant and part-tenant farmers became eligible to purchase about 1,800,000 acres of farm land. The price to be paid by



Rice ration line in South Korea. Rice is the principal food of the Koreans.

<sup>1</sup> See *Foreign Agriculture*, October 1948, pp. 217-220.

the tenant purchaser for this land was 25 percent of the average annual production for a period of 5 years.

The law provided that all farm land falling into one of the following groups was to be purchased by the Government:

- a. Farm lands owned by those who do not farm.
- b. Farm land in excess of 7.35 acres owned by one farmer, excluding land in perennial crops if managed by the landowner, and "upland or highland or mountainous districts recognized by the Government as such."

In addition, farm lands owned by the Government and farm lands the ownership of which was not obvious or was in question was made subject to redistribution.

Landlords from whom the Government purchased land to be redistributed were to be compensated on the basis of 150 percent of the average production of the main crop of the farm land taking (a proportion of) the rental value into consideration.

Although the law became effective the day it was promulgated, many administrative details remained to be worked out, and money had to be appropriated for carrying out the program. Amendments to the law, reflecting a conservative trend favoring landlords' interests, were introduced in the Assembly to increase the rate of compensation for landowners and the rate of farmers' payment from 150 to 240 percent of the average annual yield; to abolish the 25-percent Government subsidy; to extend the period of compensation from 5 to 8 years; and to permit the resale of redistributed land. The proposal to increase landlord compensation was defeated by the National Assembly in January 1950, although the purchase price to tenants was increased from 125 to 150 percent, thereby eliminating the Government subsidy. The amendment to permit resale, which might have permitted reconcentration of large holdings of farm land in landlords' hands after implementation of the law, was also defeated. The Assembly failed, however, to appropriate any money for carrying out provisions of the law during 1949.

The Land Reform Law as passed in South Korea in 1949 would have *if it had been implemented*, gone a long way toward increasing grass roots support of the Government. It would also have reduced the land farmed by tenants to less than 10 percent of the cultivated area of South Korea as compared with 73 percent in 1945. As it turned out, implementation of the law became subject to extended political debate in the Legislative Assembly and a year passed before the necessary administrative machinery had been set up to carry out the provisions of the law. Everything was

in readiness for the actual start of the second program of land purchase and distribution in South Korea when the North Korean Communists invaded on June 25.

A comparison of land reform in North Korea and in South Korea leads to the conclusion that land reform in North Korea may have been a reform in name only, as title to land does not appear to have been passed on to the cultivator. On the other hand, the decisive manner in which land reform was undertaken in that area soon after the defeat of Japan has provided the North Korean authorities with an effective propaganda weapon. Conversely, the delay in implementing the Land Reform Law in South Korea made it possible for the Pyongyang Government to charge that the South Korean Government was doing nothing to provide land for the landless tenant and had no real interest in the problem of the peasant. The South Korean Land Reform Law was actually better designed to effect an equitable distribution of land than the North Korean model. What was lacking in South Korea was the aggressive Government support that was necessary to put it into effect without delay. If such Government support had been given to the solution of the problem of widespread tenancy among the farmers a year earlier, it would have deprived the Communists of an effective propaganda weapon and would have earned for the Government of the Republic of South Korea the enthusiastic support of additional millions of peasants.



*New Forces in Asia*, compiled by Bruno Lasker. 237 pp. H. W. Wilson Co., New York. 1950.

With the Far East headlined in today's news, here is a useful compilation of background articles on Asia, including its agricultural problems, by a group of competent Far Eastern authorities. The consensus of the writers is that much of Asia's political unrest stems from the awakening of its peasants to new possibilities of land ownership and greater economic security.

Three of the articles are devoted to China, and four are on Japan. Discussions of India and Pakistan follow, and other sections are given to the Philippines, Korea, Malaya, Burma, Indonesia, and Indochina.

The book contains an 11-page bibliography and two maps, showing political divisions of 1939 and those of 1949.



